

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 EB-08 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00
OMB-01 /086 W
-----127072 311436Z /46

R 310956Z AUG 77
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 5700
INFO AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

C O N F I D E N T I A L BANGKOK 19354

E.O. 11652: GDS
TAGS: EGEN, ETRD, TH
SUBJECT: ASEAN TARIFF CUTS

REF: STATE 194201

1. MINISTRY OF FINANCE OFFICIAL HERE CLAIMS CREDIT FOR THAILAND FOR BREAKING LONG JAM ON PROCEDURE FOR INITIAL ROUND OF TARIFF CUTS. ACCORDING TO CHATUMONGKHON SONAKUN, WHO IS THE FINANCE MINISTRY OFFICER RESPONSIBLE FOR ASEAN MATTERS, NEGOTIATIONS HAD INVOLVED A FAIRLY FRUITLESS SERIES OF OFFERS AND COUNTER-OFFERS UNTIL THAILAND PROPOSED A FORMULA FOR USING A MATRIX TO ARRIVE AT 70 ITEMS. EACH COUNTRY PROPOSED 10 ITEMS OF ITS OWN WHICH IT WOULD AGREE TO LOWER IMPORT DUTIES ON AND THEN EACH MEMBER NAMED ONE TARIFF CATEGORY FROM EACH OTHER MEMBER. EACH COUNTRY THEREFORE AGREED TO CUT TARIFFS ON 14 ITEMS. THE ODD ADDITIONAL CATEGORY THAT MADE THE TOTAL 71 RESULTED FROM THE INDONESIANS GRANTING ONE ADDITIONAL TARIFF
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ITEM. PERHAPS, CHATUMONGKHON OPINED, ONE OF THE INDONESIAN ASTROLOGERS THOUGHT THAT 71 WOULD BE LUCKIER THAN 70.

2. THE EMBASSY DOES NOT HAVE EXACT TARIFF NUMBERS BUT THE TEN CATEGORIES OFFERED BY THE THAI WERE: TWO CATEGORIES OF TIMBER AND LUMBER; TWO CATEGORIES OF VEGETABLES; LEAD

BASED SOLDER; INSECTICIDES; NUTMEG; CHILI, PARAFIN WAX; AND CERTAIN AGRICULTURAL CHEMICALS. THE FOUR ADDITIONAL ITEMS REQUESTED BY THE OTHER ASEAN MEMBERS WERE: QUININE, MARGARINE, A CATEGORY OF CORDAGE MADE FROM MANILA HEMP AND BALL BEARINGS. THE CUTS RANGE FROM 10 PERCENT TO 30 PERCENT ON THESE ITEMS.

3. CHATUMONGKHON IN THE PAST HAS OFTEN BEEN SOMEWHAT NEGATIVE ABOUT ASEAN BUT APPEARED QUITE PLEASED WITH THESE FIRST STEPS. HE CATEGORIEZED THE CUTS AS MINOR AND BELIEVED THAT AS SOON AS THE VARIOUS COUNTRIES SEE THAT THE FIRST ROUND DID NOT HURT THEY COULD BE READY FOR FURTHER LIBERALIZATION.

4. ON THE INDUSTRIAL PROJECTS CHATUMONGKHON THOUGHT THAT IT WAS QUIXOTIC AT THIS STAGE TO BELIEVE THAT ANY PROJECT COULD BE SUCCESSFUL WHOSE REAISON D'ETRE WAS COST SAVINGS THROUGH ECONOMIES OF SCALE. THIS HE SAID WAS THE PROBLEM WITH THE SINGAPORE DIESEL ENGINE PROJECT. THERE IS NOTHING SPECIAL ABOUT MANUFACTURING DIESEL ENGINES THAT THE OTHER ASEAN COUNTRIES CANNOT AND WILL NOT DO. ON THE OTHER HAND THE DEVELOPMENT OF A NATURAL RESOURCE-BASED INDUSTRY IN ONE OF THE COUNTRIES WHICH WAS CLEARLY BENEFICIAL TO THE OTHERS COULD BE SUCCESSFUL.

5. CHATUMONGKHON SAID THAT THE SINGAPOREANS SEEMED TO HAVE CONFIDENTIAL

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MELLOWED A BIT AT KUALA LUMPUR AND WERE LESS HARD DRIVING THAN USUAL. HE THOUGHT THAT THEIR "LESS CHINESE" APPROACH WAS A HEALTHY DEVELOPMENT. CHATUMONGKHON HIMSELF IS A VERY DIRECT PERSON WHO IS PROBABLY SYMPATHETIC WITH THE SINGAPOREAN APPROACH BUT THINKS THAT IS NOT THE WAY TO CONVINCE OTHERS IN SOUTHEAST ASIA. HE CREDITED THE MALAYSIANS WITH BEING THE MOST DEVIOUS AND LEAST STRAIGHT-FORWARD OF THE FIVE DELEGATIONS. THEIR GREAT ACCOMPLISHMENT WAS MAKING IT LOOK AS IF THEY WERE OOLY SECONDING THE INDONESIAN POSITION WHILE THEY WERE ACTUALLY MORE OBSTRUCTIVE. THE INDONESIANS HE SAID SEEM PREPARED TO MAKE SIZEABLE CONCESSIONS AS LONG AS THEY WERE SURE THAT THEY DID NOT IMPINGE ON THE PERSONAL INTERESTS OF THE INDONESIAN GENERALS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BANGKO19354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770315-0023
Format: TEL
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977085/aaaaadx.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bf9f1759-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 194201
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1566873
Secure: OPEN
Status: NATIVE
Subject: ASEAN TARIFF CUTS
TAGS: EGEN, ETRD, TH
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/bf9f1759-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009